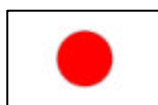


ASIA



JAPAN
AUSTRALIA
SOUTH KOREA
TAIWAN



Japan

ECONOMY. Following a brief upturn in economic performance, the Japanese economy finished 2001 in its third recession in the past decade. Deflation, while resulting in decreasing prices, has decreased incomes while simultaneously increasing debt burdens, thereby reducing purchasing power. Unemployment is approaching 5%, and while low by world standards, remains very high for Japan. Most analysts expect continued weakness throughout 2002 with some improvement as export demand (primarily to the U.S.) accelerates in 2003.

EXCHANGE RATE. Like the Euro, Japan's exchange rate has declined significantly versus the dollar in recent years. Nonetheless, slight appreciation in the exchange rate in recent months has reduced the valuation gap. While not as high as during the Asian financial crisis in 1998, the Yen remains at approximately ¥117 per dollar. It should be noted, however, that despite the negative influence of the exchange rate, because of high prices in Japan, the U.S. is still perceived as a bargain for some items.

LANGUAGE RESOURCES. Japanese travelers rely on tour guides and tend to travel in groups because of the unfamiliarity of the English language among many travelers. However, the market has adjusted well to the language barriers of Japanese travelers, with several local receptive tour operators offering language translation and promotional materials in Japanese.

TECHNOLOGY APTITUDE. Internet penetration is relatively low in Japan despite low access costs. However, the number of mobile telephone users and the growing popularity of wireless connections to the Internet via mobile phones and other similar devices make computer ownership and access via fiber optic cables less important. Technology remains an important element to Japanese consumers as many electronic industry leaders maintain a strong presence in the Japanese market.

SEASONS & SEGMENTS. Leisure travel, including honeymoons and visiting friends and relatives, accounts for a high percentage of all outbound Japanese travel. Observational tourism – visiting natural and scenic, historic and cultural attractions, and visiting art galleries and museums – is also growing. Historically, city breaks and shopping have been the activity of choice for Japanese travelers to

the U.S. Summer travel and travel around certain holidays dominates the Japanese market, although aging demographics and growing interest in sports is shifting preferences away from peak seasons.

HISTORIC VISITATION. Japan fell to the second largest overseas market to the U.S., during 2001, representing just over 4 million travelers. Over the past decade, growth in arrivals has been strong with the exception of a two-year period following the Asian financial crisis. Demand for U.S. travel faces significant challenges from competing destinations in Europe, Canada, Southeast Asia, and Australia. During the 1990s, Japan was Utah's fastest growing international market. Arrivals from Japan declined significantly in 2001 as post-September 11th concerns and continued economic woes dampened consumer demand.

SOCIAL & POLITICAL FACTORS. Japanese consumers are very sensitive to safety perceptions and the extensive media coverage of the September 11th attacks and their aftermath has provided a significant deterrent to demand growth. Arrivals from Japan during the last quarter of 2001 fell more than 50% and demand recovery is not expected to return quickly. However, once the safety perception is overcome, other factors should help stimulate demand. Most significant is the change in the school week from 6 days to 5 days, which should prompt additional short-break vacations.

OLYMPIC INTEREST. Olympic coverage in Japan was extensive. Over 100 million Japanese consumers each witnessed the Games for an average of 17 hours. The 2002 Games attracted additional attention from public officials and World Cup organizers, who watched the Games as a test of a high profile world sporting event.

DISTRIBUTION INFRASTRUCTURE. Because of common travel patterns and language barriers, relationships with trade professionals are essential to conducting travel business in Japan. The trade infrastructure is vertically integrated in Japan, with a few large suppliers dominating much of the market. JTB and Kintetsu International are the largest trade companies in Japan. Salt Lake City offers no direct nonstop flights to the Japanese market. However, 3 direct nonstop flights are available between Tokyo and Las Vegas.

UTAH VISITORS FROM JAPAN SUMMARY - 1997-1999*

Utah Division of Travel Development

DEMOGRAPHICS

AGE (years)

| | |
|--------------------|------|
| Average Age (mean) | 42.7 |
| 18-34 Years | 32% |
| 35-54 Years | 48% |
| 55+ Years | 20% |

HOUSEHOLD INCOME (\$US)

| | |
|----------------------|----------|
| Average HH Income | \$89,600 |
| < \$40,000 | 19% |
| \$40,000 - \$80,000 | 32% |
| \$80,000 - \$120,000 | 25% |
| \$120,000+ | 25% |

PARTY COMPOSITION

| | |
|--------------------------|-----|
| Avg. Travel Party (mean) | 1.7 |
| Traveling Alone | 32% |
| Spouse | 23% |
| Family/Relatives | 17% |
| Friends | 16% |
| Business Associates | 13% |
| Group Tour | 12% |
| Adults Only | 96% |
| Adults and Children | 4% |

GENDER

| | |
|-------|-----|
| Men | 68% |
| Women | 32% |

FREQUENT TRAVELERS

| | |
|----------------------------|-----|
| Repeat Visitor to the U.S. | 79% |
| U.S. Trips last 12 Months | 2.0 |
| U.S. Trips last 5 Years | 5.7 |
| 1 Trip | 35% |
| 2 - 5 Trips | 34% |
| 5+ Trips | 31% |

OTHER DESTINATIONS VISITED

| | |
|---------------------------|-----|
| # of States Visited | 3.4 |
| # of Destinations Visited | 4.5 |
| California | 65% |
| Los Angeles | 38% |
| San Francisco | 21% |
| Yosemite N.P. | 7% |
| Nevada | 58% |
| Las Vegas | 44% |
| Arizona | 38% |
| Grand Canyon N.P. | 26% |
| Wyoming | 17% |
| Yellowstone | 15% |
| New York | 11% |
| New York City | 10% |
| Colorado | 6% |
| Washington | 6% |
| Seattle | 6% |

TRAVEL PATTERNS

ADVANCE TRIP DECISION

| | |
|---------------------------|---------|
| Advance Trip Decision | 59 Days |
| Advance Air Reservations | 26 Days |
| Use of Pre-Booked Lodging | 78% |

USE OF PACKAGES

| | |
|---|---------|
| YES | 28% |
| Guided Tour | 25% |
| Air/Lodging | 21% |
| Air/Lodging/Tour | 18% |
| Air/Lodging/Bus | 11% |
| Air/Lodging/Bus/Tour | 11% |
| Air/Rental Car | 3% |
| Air/Lodging/Rental Car | 1% |
| Advance Package Booking | 61 Days |
| # of Nights Pre-paid as Part of a Package | 8.8 |

INFORMATION SOURCES

| | |
|-------------------------|-----|
| Travel Agency | 61% |
| Travel Guides | 18% |
| Friends/Relatives | 17% |
| Tour Company | 17% |
| Personal Computer | 15% |
| Newspapers/Magazines | 11% |
| Corp. Travel Department | 11% |
| Airlines Directly | 11% |
| Other | 5% |

ACCOMMODATIONS

| | |
|--------------|-----|
| Hotel/Motel | 83% |
| Private Home | 13% |
| Other | 6% |

TRANSPORTATION IN U.S.

| | |
|-------------------------|-----|
| Airlines in U.S. | 66% |
| Taxi/Cab/Limousine | 45% |
| Rented Auto | 42% |
| Company or Private Auto | 37% |
| City Subway/Tram/Bus | 23% |

LENGTH OF STAY

| | |
|--------------------------|------|
| # of Nights In UT (mean) | 4.6 |
| # of Nights in US (mean) | 12.7 |

UTAH DESTINATIONS VISITED

| | |
|-------------------|-----|
| Salt Lake City | 55% |
| Bryce Canyon N.P. | 22% |
| Monument Valley | 17% |
| Zion N.P. | 12% |
| Glen Canyon | 10% |

PURPOSE/ACTIVITIES

PURPOSE OF TRIP

| | |
|-------------------------|-----|
| Leisure & VFR | 65% |
| Leisure/Rec./Holidays | 52% |
| Visit Friends/Relatives | 13% |
| Business & Convention | 35% |
| Business/Professional | 27% |
| Convention/Conference | 3% |
| Study/Teaching | 3% |

PORT OF ENTRY

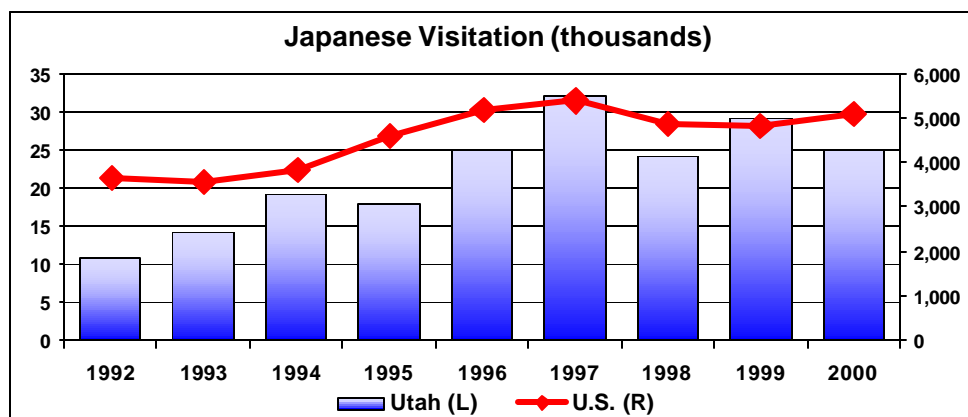
| | |
|---------------|-----|
| Los Angeles | 28% |
| San Francisco | 28% |
| Portland | 21% |
| Seattle | 5% |

LEISURE ACTIVITIES

| | |
|----------------------------|-----|
| Shopping | 84% |
| Dining in Restaurants | 78% |
| Visit National Parks | 56% |
| Sightseeing in Cities | 54% |
| Visit Small Towns | 42% |
| Touring Countryside | 37% |
| Visit Am. Indian Comm. | 36% |
| Guided Tours | 31% |
| Casinos/Gambling | 29% |
| Amusement/Theme Parks | 27% |
| Visit Historic Places | 26% |
| Camping/Hiking | 19% |
| Cultural or Heritage Sites | 18% |
| Art Gallery/Museum | 13% |
| Ethnic Heritage Sites | 11% |
| Concert/Play/Musical | 11% |
| Water Sports/Sunbathing | 10% |
| Nightclubs/Dancing | 10% |
| Cruises | 8% |
| Golfing/Tennis | 8% |
| Snow Skiing | 5% |
| Attend Sports Event | 4% |
| Environ./Eco Excursions | 3% |
| Ranch Vacations | 2% |
| Hunting/Fishing | 2% |

PERFORMANCE

| | |
|--|-------|
| Total Int'l. Visitation (000s) | 29 |
| Market Share | 0.6% |
| Avg. Spending Per-Visitor-Per-Day (mean) | \$141 |



SOURCE: OTTI, U.S. Department of Commerce



Australia

ECONOMY. The Australian economy has outperformed every other advanced economy in the last ten years, growing significantly. Even when Europe, the U.S. and Japan seemed unable to avoid a recession, Australia continued to grow briskly. Growth was spurred by a rapid increase in housing prices that bolstered consumer spending, a low dependence on IT businesses, and a relatively weak currency that made manufacturing and commodity industries more profitable. Such rapid growth has placed some inflationary pressures on the economy, but thus far, the central bank has been able to compensate by lowering interest rates. Unemployment has declined significantly and now seems to have stabilized at around 6.5%. Australia is projected to be the fastest growing developed economy in the world through the end of 2003.

EXCHANGE RATE. The Australian dollar has declined steadily since 1996. While this has helped the country's debt ratio and export businesses, travel demand to the U.S. has suffered. Curiously, although the country's economic performance has been strong, its currency remains relatively low. Recent appreciation for the Yen and the Euro has failed to translate into appreciation for the Australian dollar.

LANGUAGE RESOURCES. Since English is the primary language, no special language resources are necessary in this market.

TECHNOLOGY APTITUDE. Australia boasts one of the highest Internet penetration rates in the world as well as a high incidence of household computer use. Access costs are nearly on par with those in the United States.

SEASONS & SEGMENTS. Most travel to the U.S. from Australia is to major cities in the West and New York. Los Angeles, San Francisco, New York City and Las Vegas are significant attractions. Australian visitors are also interested in American culture, thus historic and cultural/heritage attractions are also growing in popularity. National Parks and other touring opportunities are also popular. Notably, Australia also has a strong ski market that travels to the U.S., mostly to Colorado resorts. Australian trips to the U.S. are significantly longer than trips from other markets, averaging nearly three weeks in length.

There is relatively little use of packaged options because most travel is independent.

HISTORIC VISITATION. Australia generates over 500,000 annual trips to the U.S. each year. Growth has been slow and somewhat erratic over much of the past decade. Despite the negative impacts of the exchange rate, the U.S. continues to be a desirable destination for many Australian travelers. In recent years, the U.S. has captured market share from European destinations. Europe remains the preferred long haul destination for Australian travelers, attracting over five times as many international travelers as the U.S.

SOCIAL & POLITICAL FACTORS. As with other markets, demand for travel to the U.S. diminished following September 11th. Nonetheless, because most travel from Australia to the U.S. is to western destinations, demand from Australia has returned more quickly than demand from most European markets.

OLYMPIC INTEREST. The primary Olympic interest in Salt Lake City was the immediacy of the Games following the 2000 Sydney Summer Olympics. In addition, the first Australian athlete to ever medal in an Olympic Winter sport occurred at the 2002 Games. Over 12 million Australians watched some coverage of the Olympics for an average of nearly 7 hours.

DISTRIBUTION INFRASTRUCTURE. Several carriers provide air transportation to and from Australia. Intense competition has kept pricing reasonable.



South Korea

ECONOMY. South Korea was the largest of the Asian tigers in the early 1990s, growing at an incredible pace. It was also one of the hardest hit during the Asian financial crisis in 1998. However, recovery has been swift and South Korea is again growing quickly. The softening of the technology industry worldwide and especially in the U.S. dampened growth during 2001 although the country still enjoyed modest growth. Unemployment has fallen steadily after peaking in 1998. The economy has benefited from a large amount of foreign investment, especially in manufacturing. After peaking in 1998, unemployment has fallen steadily and prices have remained contained.

EXCHANGE RATE. Like other major currencies around the world, the Won has declined versus the U.S. dollar in recent years (nearly 15% since January 2000). The currency peaked in the mid-1990s before the financial crash forced devaluation. Despite the currency fluctuations, travel demand has been little affected by the small changes in the day-to-day exchange rate.

LANGUAGE RESOURCES. Language is a barrier to U.S. travel. English is not widely spoken and since group travel is also not common, most travel is limited to cities with access to language services.

TECHNOLOGY APTITUDE. Korea boasts the lowest Internet access costs of any developed economy. However, most consumers still lack the resources to purchase a home computer to access the Internet. Mobile phone use is high, however, and Internet access will likely be through this medium as opposed to desktop computers. Korea's economy is highly dependent on the technology sector and that dependence also generates consumer use.

SEASONS & SEGMENTS. Most travel from Korea is to the cities in the West and New York. There is a strong business travel segment and a strong friends and family segment from the country. Los Angeles, New York, Las Vegas, San Francisco, San Jose and Seattle all attract large numbers of Korea visitors. Compared to the Japanese market, Korean travelers to the U.S. stay longer, spend slightly less and rely much less on packaged travel. More travel from Korea to the U.S. is focused on the mainland compared to Japan, where as much as 60% of demand is to Hawaii and Guam. Urban destinations are the most popular form of vacation in the U.S. Other types of attractions that are growing in popularity include theme parks,

touring, national parks, and history and heritage/cultural sites.

HISTORIC VISITATION. Korea was among the fastest growing markets to the U.S. throughout the 1990s. Indeed, growth skyrocketed from 211,000 in 1990 to nearly 750,000 in 1997. Demand evaporated in 1998 in the wake of the Asian financial crisis but has since returned strongly. Prior to September 11th, Korea was one of the few markets poised to increase the number of arrivals to the U.S. By year's end, Korean visitation to the U.S. fell just 5% to 625,000, outperforming every major market except Mexico. The U.S. dominates the Korean long haul market and is gaining market share versus other destinations in Canada and Europe.

SOCIAL & POLITICAL FACTORS. The terrorist attacks on September 11th significantly affected travel demand from Korea, although less than other Asian markets. In addition, because most Korean travel to the U.S. is based on the west coast, confidence in the U.S. was relatively less affected than confidence from other markets. There is some uncertainty as to whether the increasing tension between the U.S. and North Korea will translate into consumer behaviors.

OLYMPIC INTEREST. Korea has maintained a high interest in the Olympic movement, having hosted a Summer Games in Seoul in 1988. The addition of short track speed skating has renewed interest in the Winter Olympics. Several Korean athletes performed well in Salt Lake City in these events. Some controversy erupted during a short track competition regarding the disqualification of a Korean athlete. While not as significant as the figure skating controversy, it nonetheless attracted media attention. Media outlets in Korea were also interested in the operational aspects of the Games and the intricacies of hosting a high profile world sporting event as a result of their selection to host the 2002 World Cup with Japan. Consequently, nearly 33 million Korean viewers tuned in to watch an average of 5 hours of Olympic coverage.

DISTRIBUTION INFRASTRUCTURE. Regular air service is available from many cities in the U.S. to Seoul. Korea is trying to become a major Asian hub by building a large airport in Incheon.



Taiwan

ECONOMY. After growing strongly during the technology boom, Taiwan's economy has entered a severe recession in 2001. Highly dependent on tech exports, the collapse of the technology bubble that characterized growth during the latter half of the 1990s has significantly impacted growth during the last two years. To the extent that the tech sector improves will greatly determine growth prospects for the future. Despite the current recession, the Taiwan economy has improved considerably over the past several years, with strong wage growth outpacing very low inflation. However, unemployment has trended upward over the past few years and combined with deflationary risks, has dampened consumer confidence and spending.

EXCHANGE RATE. The New Taiwan dollar has fluctuated widely during the last several years. Like other Asian currencies, it depreciated versus the U.S. dollar during the Asian financial crisis. Then in the years following the crisis, the IT boom stimulated high growth rates and the currency gained versus the dollar. Now that the IT boom has collapsed, the currency has again fallen versus the U.S. dollar. The result of such wide currency fluctuations over time is relatively little impact on overseas travel demand.

LANGUAGE RESOURCES. English is widely spoken within much of the business community and among other select groups. However, most of the population is not fluent in English. As a result, most travel has been concentrated to urban destinations and group travel.

TECHNOLOGY APTITUDE. Taiwan specializes in technology sector manufacturing. As a result, technology is embraced as part of the culture and is seen as integral to improving their quality of life. However, a significant portion of the population is still unable to afford Internet connections, mobile telephones, and household computers. As economic prosperity continues, expect technology to become more mainstream among the general population.

SEASONS & SEGMENTS. The two largest segments of Taiwan travel to the U.S. are business travel and trips to friends and family. Most trips are concentrated in large western cities (Los Angeles, San Francisco, San Jose, Las Vegas) and New York City. Most overseas trips are repeat visitors to the U.S. Taiwanese vacationers are characterized by relatively

high spending and long stays, making it a valuable market. Nearly a fourth of Taiwan visitors travel via a packaged deal and a large majority utilize a travel agent for information and air service arrangements. Secondary activities that are growing in popularity include historic sites, national parks, casinos, and specialty tours.

HISTORIC VISITATION. The U.S. has enjoyed an increase in visitors from Taiwan in nine of the last ten years. The U.S. dominates long haul travel, accounting for over 50% of the market. However, despite the visitation increases, the U.S. has steadily lost market share to destinations in Europe. Nonetheless, the outlook for Taiwan travel to the U.S. is very positive.

SOCIAL & POLITICAL FACTORS. Taiwan continues to struggle with its relationship towards China. The government will work towards reducing any negative impacts of joining the WTO and further liberalization of the economy. More positively, Taiwan consumers have a fascination with American culture. American movies, music, and fashion are extremely popular, especially among the young. Travel to the U.S. is greatly anticipated and eagerly pursued. The U.S. is generally perceived as a safe and convenient destination, although Taiwanese travelers are sensitive to safety issues. The terrorist attacks in September combined with the recession significantly deterred travel to the U.S. in 2001. As confidence in overseas travel returns and the Taiwan economy improves, demand will likely return quickly.

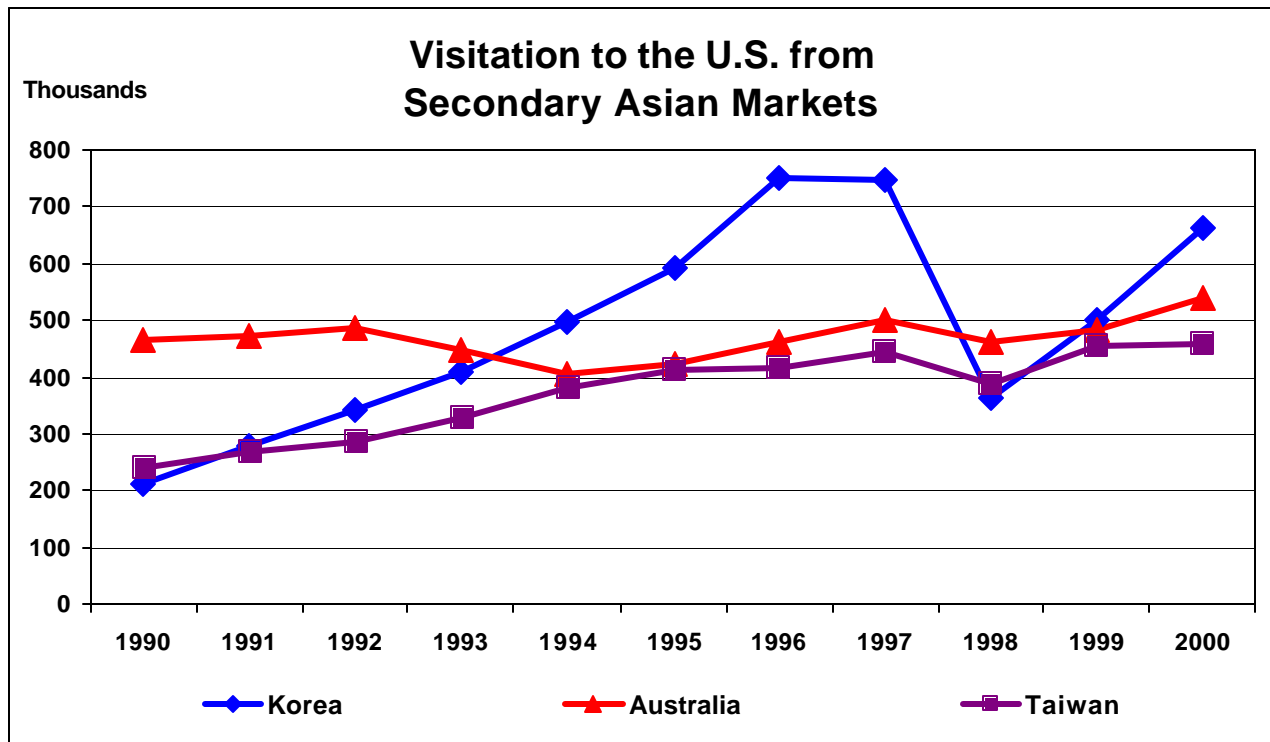
OLYMPIC INTEREST. Taiwan does not have a history of interest in Winter Olympic sports nor do winter sports appeal to the general public. Taiwan does have a niche ski market, but it is small relative to total population.

DISTRIBUTION INFRASTRUCTURE. Taipei serves as a major Asian hub, particularly appealing to technology-based businesses along the west coast of the U.S. Such linkages make travel to and from Taiwan relatively inexpensive and most major carriers offer direct flights with convenient connections. In addition to business linkages, a growing Asian population in major west coast cities also attracts a sizeable leisure market.

HISTORY OF U.S. ARRIVALS SECONDARY ASIAN MARKETS

| Year | Korea | Taiwan | Australia |
|------|-------|--------|-----------|
| 1990 | 211 | 239 | 466 |
| 1991 | 278 | 268 | 471 |
| 1992 | 341 | 287 | 487 |
| 1993 | 408 | 327 | 449 |
| 1994 | 498 | 379 | 407 |
| 1995 | 592 | 413 | 424 |
| 1996 | 749 | 415 | 463 |
| 1997 | 747 | 443 | 501 |
| 1998 | 364 | 386 | 461 |
| 1999 | 499 | 453 | 483 |
| 2000 | 662 | 457 | 540 |

SOURCE: T/ITA U.S. Dept. of Commerce



SOURCE: OTTI, U.S. Department of Commerce